GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:2042
ANSWERED ON:27.08.2007
PROBLEMS OF VANASPATI UNITS
Mollah Shri Hannan

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Vanaspati Producing Units in the country are facing grave problems and are on the verge of closure;

(b) if so, whether Director, Vanaspati has recommended remedial measures to improve the condition of Vanaspati Units;

(c) if so, the details thereof and action taken thereon;

(d) the other steps being taken to reopen the closed units and check further closure; and

(e) the assistance sought from Director General of Foreign Trade (DGFT) for canalization of Vanaspati?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

(a): No, Sir.

(b)&(c): Do not arise.

(d)&(e): The reasons underlying the closure of some Vanaspati Units in the country include creation of production capacity not commensurate with availability of raw materials, obsolete technology, poor economies of scale, shift in consumer preference towards soft oils, competition from cheaper duty-free imports of vanaspati, etc. from Nepal, Sri Lanka and Bhutan.

Some of the steps taken to improve the health of the vanaspati industry are:-

(i) Import of oilseeds/edible oils except copra/coconut oil has been allowed on OGL.
(ii) Import duty on certain vegetable oils of edible grade intended for manufacture of refined oil/Vanaspati is levied at a concessional rate.
(iii) Import duty on certain crude vegetable oils of edible grade has been kept low as compared to refined oils to facilitate raw material availability.
(iv) Excise duty on refined edible oils/Vanaspati/interesterified fat etc. has been withdrawn.
(v) Import duty on Vanaspati, bakery shortening, interesterified fat, margarine has been raised from 30% to 80%.
(vi) Duty free import of vanaspati from Nepal has been canalized through State Trading Corporation of India Ltd. (STC) and duty free import of vanaspati including bakery shortening & margarine from Sri Lanka has been allowed as per the arrangements indicated in the Public Notice No. 69 dated 21.11.2006 issued by Directorate General of Foreign Trade (DGFT).
(vii) Import duty has been reduced on Crude and Refined Palm Oil/ Palmolein from 80% to 45% and 90% to 52.5% respectively, Crude and Refined Sunflower Oil from 75% to 40% and 85% to 50% respectively and Crude and Refined Soyabean Oil from 45% to 40% during last one year.
(viii) Crude and refined edible grade vegetable oils have been exempted from 4% SAD w.e.f. 1.3. 2007.
(ix) In order to harmonize the interests of farmers, processors and consumers, the import duty structure on edible oils is reviewed from time to time.